

Message Text

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ORIGIN EB-08

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FM SECSTATE WASHDC
TO AMEMBASSY BRASILIA
INFO AMCONSUL RIO DE JANEIRO

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E.O. 11652:N/A

TAGS: EWWT, BR

SUBJECT:SEA-LAND PRESENTATION BEFORE INTERAGENCY COMMITTEE

1. A SEA-LAND TEAM, HEADED BY VICE PRESIDENT FOR PUBLIC AND CONGRESSIONAL AFFAIRS PETER FINNERTY, WILL MAKE A MULTIMEDIA, PORTUGUESE LANGUAGE PRESENTATION BEFORE A BRAZILIAN INTERAGENCY COMMITTEE (CIDETI) ON FEBRUARY 17 TO SEEK A WAIVER TO ALLOW SEA-LAND TO USE 35 FOOT CONTAINERS IN ITS UPCOMING BRAZILIAN SERVICE.

2. SEA-LAND TEAM MAY ALSO DISCUSS OTHER HINDRANCES TO INITIATION OF ITS SERVICE TO BRAZIL, INCLUDING QUESTION OF SUB-POOLS FOR CONTAINER TRAFFIC, AND SUNAMAM RESOLUTION
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5246 WHICH PROHIBITS TRANSSHIPMENT (RELAY). HOWEVER, MAIN PURPOSE OF TRIP AND THE PRESENTATION IS TO CONVINCE CIDETI TO GRANT WAIVER TO REGULATION WHICH PROHIBITS USE OF NON-ISO STANDARD (20 AND 40 FOOT) CONTAINERS IN BRAZIL.

3. MARAT KINSELLA WILL ACCOMPANY TEAM TO ITS MEETING WITH

CIDETI IN BRASILIA. DEPARTMENT REQUESTS THAT APPROPRIATE LEVEL EMBASSY OFFICER ALSO ATTEND MEETING TO EMPHASIZE TO GOB THAT SEA-LAND HAS FULL SUPPORT OF USG, SPECIFICALLY DEPARTMENT AND MARITIME ADMINISTRATION.

4. DEPARTMENT WILL BE CALLING IN BRAZILIAN ECONOMIC COUNSELOR TO MAKE FOLLOWING THREE POINTS ON ISSUE OF 35 FOOT CONTAINERS, AND ALSO TO DEMONSTRATE DEPARTMENT'S CONCERN OVER SEA-LAND'S DIFFICULTIES:

A) ISO CONTAINER STANDARDS ARE VOLUNTARY, NOT MANDATORY;

B) EXCLUSION OF SEA-LAND WOULD HINDER AND DELAY THE CONTAINERIZATION OF THE TRADE, DESPITE BOTH GOVERNMENTS' COMMITMENT TO FOSTER MODERN, EFFICIENT, TRANSPORTATION TECHNOLOGY;

C) SEA-LAND 35 FOOT CONTAINERS AND CHASSIS ARE COMPATIBLE WITH ISO STANDARD EQUIPMENT, AND POSE NO SAFETY HAZARD.

5. IN ADDITION TO FINNERTY, SEA-LAND TEAM WILL INCLUDE: RAY EBELING-PRICING DIRECTOR, AMERICAS DIVISION, SEA-LAND; ROBERT INGRAM-COUNTRY MANAGER, SEA-LAND; ZAVIN BAGHOZIAN-BRAZILIAN CONSULTANT TO SEA-LAND.

6. FYI: WHILE USG RECOGNIZES THAT GOB, LIKE ANY LIMITED OFFICIAL USE

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SOVEREIGN, HAS AUTHORITY TO ENACT AND IMPLEMENT ANY LAW OR REGULATION IT CHOOSES, SUCH MEASURES MAY CONFLICT WITH U.S. LAW AND COULD RESULT IN A SUCCESSFUL ATTEMPT BY SEA-LAND TO SEEK COUNTERVAILING MEASURES UNDER U.S. LAW. THE FEDERAL MARITIME COMMISSION, ACTING UNDER AUTHORITY PROVIDED BY SECTION 19, MERCHANT MARINE ACT, 1920, OR THE OFFICE OF THE SPECIAL TRADE REPRESENTATIVE, UNDER SECTION 301, TRADE ACT OF 1974, COULD FIND THAT BRAZILIAN MEASURES WHICH UNREASONABLY RESTRICTED SEA-LAND OPERATIONS WERE DISCRIMINATORY, AND COULD IMPOSE A WIDE VARIETY OF COUNTERVAILING MEASURES ON BRAZILIAN CARRIERS.

7. WHETHER SUCCESSFUL OR NOT IN THE LONG RUN, THESE ACTIONS COULD CAUSE SERIOUS DIPLOMATIC CONFRONTATIONS AND TRADE DISRUPTION. USG WILL MAKE EVERY EFFORT TO AVOID SUCH A CONFLICT OF LAW, BUT IS COMMITTED TO SECURING EQUITABLE TREATMENT FOR SEA-LAND. END FYI. VANCE

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